

Market Overview

Market witnessed an overall range bounded trading day with comparatively low participation volumes. The benchmark KSE-100 index closed down by 31.24 point to close at 33,895.46 points.

BAFL: CY14 Result Preview

Bank Alfalah Limited (BAFL) is scheduled to hold its board meeting on Thursday, 26 February 2015 in UAE to announce its CY14 results. Our expectations of bank on unconsolidated basis are as follows.

Earning momentum to carry on

BAFL likely to show profit after tax of Rs 5.49 billion in CY14 (EPS: Rs 4.07) compared to Rs 4.67 billion last year (EPS: Rs 3.47), depicting rise of 18%. This is expected due to higher net interest income and rise in non interest income. In 4QCY14, we anticipate notable growth of 9% in earnings to clock in at Rs 1.48 billion (EPS: Rs 1.10) against Rs 1.36 billion (EPS: Rs 1.01) in 4QCY13. The corporate results are expected to be accompanied with cash dividend of Rs 2.50/share.

Net interest income to drive earnings

Net interest income is expected to increase by 28% to Rs 21.55 billion against Rs 16.89 billion in CY13 due to higher investments and switching to long term bonds. Interest income likely to hike surge by 25% to Rs 54.95 compared to Rs 43.96 billion in CY13 mainly due to rise in earnings assets and investments in PIBs. Conversely, interest expense to up by 23% to Rs 33.40 billion versus Rs 27.06 billion in CY13.

Non-funded Income would provide support

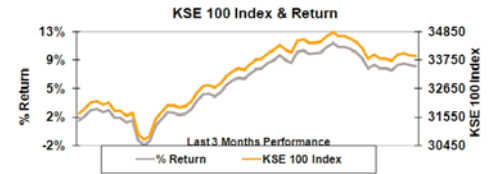
Non-Interest income is expected to surge by 4% to Rs 8.59 billion versus Rs 8.27 billion in CY13 mainly due to higher fee, commission & brokerage income, dividend income and income from dealing foreign currencies. On the other hand, provisions increase by 24% to Rs 1.30 billion compared to Rs 1.05 billion in CY13 due to rise in NPL.

Rs in million	CY14E	CY13A	YoY	4QCY14E	4QCY13A	YoY
Mark-up Earned	54,955	43,961	25%	15,121	11,670	30%
Mark-up Expensed	33,405	27,066	23%	9,043	7,293	24%
Net Interest Income	21,550	16,895	28%	6,078	4,377	39%
Provisions	1,306	1,054	24%	575	-23	NM
Non Interest Income	8,599	8,279	4%	2,156	2,321	-7%
Operating Expenses	20,468	17,313	18%	5,413	4,698	15%
Profit before Tax	8,375	6,807	23%	2,246	2,023	11%
Tax	2,878	2,131	35%	764	664	15%
Profit after Tax	5,498	4,676	18%	1,483	1,359	9%
EPS (Rs)	4.07	3.47		1.10	1.01	

Source: AZEE Research & Company Report

Recommendation

Bank is currently trading at Rs 32.52/share offering an upside potential of 15% from our Dec'15 target price of Rs 37/share.



News Update

State Bank of Pakistan (SBP) has planned to revisit its interest rate corridor to further strengthen the transmission of monetary policy and have the desired effect on term structure of interest rate. SBP statement here on Tuesday said that a main feature of this planned improvement is the introduction of 'SBP Target Rate' for the money market overnight repo rate. This rate will be in addition to SBP Reverse Repo Rate (ceiling rate) and the SBP Repo Rate (floor rate) of the corridor.

The Oil and Gas Regularity Authority (OGRA) has decided to speed up the work of giving license to thirteen more oil-marketing companies. According to reports OGRA has given instructions to licenses seeking companies that first they should ensure infrastructure and oil shortage facilities. Presently eight marketing companies are working in country. The companies who filed petition of seeking new licences including Mosal Petroleum Ltd, Overseas Petroleum, Askari Oil Services, Zome Petroleum, Express Oil Ltd, Gas and Oil Pakistan, Peterson Petroleum, Garden Levies Oil, Cables Petroleum, Excide Petroleum, Gourmet Petroleum and Oil Co trading companies.

After aggressively promoting liquefied natural gas (LNG) for the ailing energy sector, the government has hit a barricade as it is facing difficulty in finding LNG consumers. However, the compressed natural gas (CNG) industry has stepped in and told the government that it is ready to open letters of credit (LCs) for LNG import to revive the CNG industry in Punjab, which has been shut for several months. At present, the CNG industry and Sui Northern Gas Pipelines Limited (SNGPL) are to settle the issue of distribution charges in line with the decision of the Economic Coordination Committee (ECC) taken in September last year.

NCCPL (U.S \$ in million)		Portfolio Investment U.S \$ in million)		KSE Statistics	February 24, 2015
FIPI (24-Feb-2015)	-1.40	Yearly(Jul, 2014 up to 23-Feb-2015)	113.50	Indices	
Local Companies (24-Feb-2015)	0.39	Monthly(Feb, 2015 up to 23-Feb-2015)	9.56	All Share Index	24,169.30
Banks / DFI (24-Feb-2015)	-0.51			KSE-30TM Index	22,147.35
Mutual Funds (24-Feb-2015)	2.84	Daily (23-Feb-2015)	2.84	KSE-100TM Index	33,895.46
NBFC (24-Feb-2015)	-2.44			Turnover	
Local Investors (24-Feb-2015)	-0.10	Total Portfolio Investment (06-Feb-2015)	6554	All Share Index	166,949,390
Other Organization (24-Feb-2015)	1.23			KSE-30TM Index	41,512,650
				KSE-100TM Index	96,957,610

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Wednesday, February 25, 2015

[Morning Report]
Pivot Analysis

Company	CR	RSI	Buy 1	Buy 2	Sell 1	Sell 2	Pivot
KSE 100 INDEX	33895.46	50.04	33,836	33,776	33,990	34,084	33,930
Attock Cement	195.64	33.13	194.10	192.55	198.10	200.50	196.55
Adamjee Insurance	53.90	52.54	53.75	53.65	54.05	54.20	53.90
Askari Bank	22.83	35.52	22.75	22.70	22.95	23.10	22.90
Azgard Nine	5.57	36.19	5.50	5.45	5.65	5.75	5.60
Attock Petroleum	536.83	44.22	535.20	533.60	538.20	539.60	536.60
Attock Refinery	181.83	29.64	180.95	180.10	183.25	184.70	182.40
Bank Al-Falah	32.52	47.42	32.40	32.30	32.70	32.90	32.60
BankIslami Pak	10.22	58.93	9.90	9.60	10.40	10.60	10.10
Bank.Of.Punjab	10.95	59.88	10.85	10.75	11.10	11.30	11.00
Fauji Cement	31.26	57.88	31.10	30.95	31.40	31.55	31.25
Fauji Fert Bin	54.08	70.34	52.50	50.90	55.15	56.25	53.55
Fauji Fertilizer	138.06	68.24	137.20	136.30	138.95	139.80	138.05
Habib Bank Ltd	204.44	42.68	203.60	202.80	205.10	205.80	204.30
Hub Power	90.36	67.60	89.75	89.10	90.95	91.50	90.30
ICI Pakistan	453.24	36.35	445.50	437.75	465.50	477.75	457.75
Jah Siddiq Co	21.83	44.21	21.25	20.70	22.30	22.80	21.75
Lucky Cement	519.08	48.04	516.70	514.35	521.45	523.85	519.10
MCB Bank Ltd	317.92	52.69	312.95	308.00	320.95	323.95	316.00
Maple Leaf Cement	56.23	63.63	55.70	55.15	56.60	56.95	56.05
National Bank	67.90	50.79	67.60	67.25	68.30	68.65	67.95
NIB Bank	2.17	37.19	2.15	2.10	2.25	2.30	2.20
Oil & Gas Dev. XD	210.05	43.35	209.15	208.30	211.25	212.50	210.40
P.S.O. XD	395.40	54.60	393.00	390.60	398.90	402.40	396.50
Sui North Gas	24.71	30.20	24.30	23.85	25.45	26.15	25.00

Board Meetings

Company	DATE	TIME
Mubarak Textile Mills Ltd	25-02-2015	11:00
Sana Ind. Ltd	25-02-2015	4:00
Samba Bank Ltd	25-02-2015	10:00
Pak Refinery Ltd	25-02-2015	3:00
Indus Motor Comp Ltd	25-02-2015	10:00
Packages Ltd	25-02-2015	11:30

Key Data
Money Market

T-Bills (3 Mths)	18-Feb-2015	8.37%
T-Bills (6 Mths)	18-Feb-2015	8.38%
T-Bills (12 Mths)	18-Feb-2015	8.29%
Discount Rate	24-Jan-2015	8.50%
Kibor (1 Mth)	24-Feb-2015	8.51%
Kibor (3 Mths)	24-Feb-2015	8.47%
Kibor (6 Mths)	24-Feb-2015	8.49%
Kibor (9 Mths)	24-Feb-2015	8.76%
Kibor (1 Yr)	24-Feb-2015	8.75%
P.I.B (3 Yrs)	24-Feb-2015	8.62%
P.I.B (5 Yrs)	24-Feb-2015	9.15%
P.I.B (10 Yrs)	24-Feb-2015	9.88%
P.I.B (15 Yrs)	24-Feb-2015	10.50%
P.I.B (20 Yrs)	24-Feb-2015	10.80%
P.I.B (30 Yrs)	24-Feb-2015	11.10%

Commodities

Crude Oil (brent)\$/bbl	59.85
Crude Oil (WTI)\$/bbl	49.74
Cotton \$/lb	64.84
Gold \$/ozs	1,200.10
Silver \$/ozs	16.40
Malaysian Palm \$	620
GOLD (PMEX) PKR	39,319
KHI Cotton 40Kg PKR	5,305

CR = Yesterday's Closing Rate; RSI = 14 day RSI.
 RSI Indication: Less than 30 Indicate oversold position & Greater than 70
 Indicate overbought position.

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MTS Leverage Position

	Unrel Volume	Unrel Value	MTS Volume	MTS Value	Total Volume	Total Value	MTS Rate
24-Feb-15	95,151,950	4,149,908,238	5,894,650	294,140,472	101,046,600	4,444,048,710	14.35
23-Feb-15	97,005,900	4,058,991,874	7,600,200	435,972,673	104,606,100	4,494,964,548	13.83
Chg DoD %	-1.91%	2.24%	-22.44%	-32.53%	-3.40%	-1.13%	52 bps
Symbol	Unrel Volume	Unrel Value	MTS Volume	MTS Value	Total Volume	Total Value	MTS Rate
AHCL	930,000	27,720,827	86,000	2,530,404	1,016,000	30,251,231	16.56
AICL	1,374,700	62,112,208	15,000	686,504	1,389,700	62,798,712	15.93
AKBL	3,543,500	69,009,036	59,000	1,146,412	3,602,500	70,155,449	15.44
ATRL	186,550	29,273,768	13,450	2,081,384	200,000	31,355,152	13.75
BAFL	1,366,500	37,090,146	12,500	347,243	1,379,000	37,437,389	13.08
BAHL	42,000	1,772,175	7,500	320,607	49,500	2,092,783	15.53
BOP	22,293,200	196,472,728	1,319,000	12,359,396	23,612,200	208,832,124	16.49
CHCC	1,022,000	66,568,198	31,500	2,020,149	1,053,500	68,588,347	14.53
DGKC	2,063,500	217,463,257	101,000	10,736,964	2,164,500	228,200,221	12.88
EFERT	344,000	24,693,094	71,500	5,149,973	415,500	29,843,067	16.49
EFOODS	500,300	55,588,828	43,800	4,898,158	544,100	60,486,987	15.22
ENGRO	4,820,900	1,156,378,550	163,300	40,830,127	4,984,200	1,197,208,677	13.91
FABL	4,057,800	61,332,242	154,000	2,330,815	4,211,800	63,663,057	12.40
FATIMA	5,687,000	178,573,958	270,500	8,602,346	5,957,500	187,176,304	13.40
FCCL	3,321,200	87,185,297	45,500	1,207,898	3,366,700	88,393,195	14.07
FFBL	3,487,000	151,285,628	1,402,500	64,801,422	4,889,500	216,087,050	14.56
FFC	342,900	39,553,386	201,200	23,611,546	544,100	63,164,932	14.04
GATM	2,000	103,730	-	-	2,000	103,730	-
HUBC	1,665,500	120,809,948	134,500	10,304,994	1,800,000	131,114,942	13.71
KEL	7,252,400	51,473,054	243,500	1,721,123	7,495,900	53,194,177	15.43
LPCL	4,038,600	60,895,725	110,000	1,672,108	4,148,600	62,567,833	14.96
LUCK	170,500	75,624,942	20,400	9,002,536	190,900	84,627,478	12.48
MLCF	2,385,500	110,204,396	298,000	14,253,804	2,683,500	124,458,199	14.52
NBP	2,366,500	132,173,727	68,000	3,932,248	2,434,500	136,105,974	14.18
NCL	1,623,500	59,716,192	31,500	1,165,152	1,655,000	60,881,344	13.76
NML	444,000	47,981,351	24,000	2,576,419	468,000	50,557,770	13.01
NPL	141,000	5,423,950	32,500	1,489,386	173,500	6,913,336	15.54
OGDC	45,200	8,140,163	2,700	480,988	47,900	8,621,152	14.10
PAEL	4,505,000	216,910,422	304,000	15,428,562	4,809,000	232,338,984	16.14
PIOC	921,000	64,814,205	31,500	2,228,305	952,500	67,042,510	14.61
PKGP	427,000	11,743,512	35,000	970,221	462,000	12,713,733	14.00
PPL	868,300	127,802,917	27,700	4,129,093	896,000	131,932,010	13.79
PSO	611,900	206,082,563	48,800	16,376,362	660,700	222,458,925	13.07
PTC	2,942,500	61,323,617	54,500	1,112,855	2,997,000	62,436,472	12.90
SEARL	36,000	7,657,091	34,500	7,187,885	70,500	14,844,976	16.56
SNGP	1,596,000	34,977,801	37,000	780,268	1,633,000	35,758,069	14.36
SSGC	7,331,000	226,338,227	321,000	10,130,496	7,652,000	236,468,723	14.69
UBL	395,500	57,637,375	38,300	5,536,318	433,800	63,173,693	12.98
TOTAL	95,151,950	4,149,908,238	5,894,650	294,140,472	101,046,600	4,444,048,710	14.35

Risk Disclosure

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